



Timika Shafeek-Horton
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July 11, 2014

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

**Re: Duke Energy Progress, Inc., Application for Authority to
Issue and Sell Securities**

Dear Mrs. Boyd:

Enclosed for filing with the Commission is the Application for Authority to Issue and Sell Securities dated July 11, 2014.

If you should have any questions please let me know.

Sincerely,

A handwritten signature in blue ink that reads "Timika Shafeek-Horton".

Timika Shafeek-Horton
Deputy General Counsel

Enclosure

cc: Shannon B. Hudson, ORS
Nanette Edwards, ORS

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Application of)	
Duke Energy Progress, Inc.)	
for authorization to Issue and Sell Securities)	APPLICATION
)	

Duke Energy Progress, Inc. (the "Company") hereby makes application for authorization to issue and sell a maximum of \$3,000,000,000 aggregate principal amount of securities of the types listed herein in the manner hereinafter described, and respectfully shows unto the Commission:

1. Notices and Communications

The names and addresses of the Company's attorneys who are authorized to receive notices and communications with respect to this application are:

Timika Shafeek-Horton
Deputy General Counsel
Duke Energy Progress, Inc.
550 South Tryon Street, DEC 45A
Charlotte, North Carolina 28202
(704) 382-6373
Timika.Shafeek-Horton@duke-energy.com

and

Nancy M. Wright
Associate General Counsel and Assistant Secretary
Duke Energy Progress, Inc.
550 South Tryon Street, DEC45A
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Nancy.Wright@Duke-Energy.com

2. Description of the Company

The Company is a corporation duly organized and existing under the laws of the State of North Carolina. It is duly authorized by its governing documents and the law of this State to engage in the business of generating, transmitting, distributing and selling electric power and energy. It holds a certificate of authority to transact business in the State of South Carolina and is authorized to conduct and carry on business in South Carolina and is conducting and carrying on the businesses above mentioned in each of said States. It is a public utility under the laws of South Carolina and in its operations in this State is subject to the jurisdiction of this Commission. It is also a public utility under the laws of the State of North Carolina, and in its operations in that State is subject to the jurisdiction of the North Carolina Utility Commission. It is a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission. The Company is a wholly owned subsidiary of Duke Energy Corporation, which is a holding company headquartered in Charlotte, North Carolina. Duke Energy Corporation wholly owns five other electric utility subsidiaries, Duke Energy Carolinas, LLC, Duke Energy Florida, Inc., Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc. In addition, Duke Energy owns various nonregulated energy businesses primarily in the U.S. and Latin America.

3. Outstanding Debt Obligations

The Company's existing outstanding long-term debt principally consists of First Mortgage Bonds, Tax Exempt Bond Obligations, Capital Leases, and Accounts Receivable Securitizations. A schedule of all such Bonds, Tax Exempt Bond Obligations, Capital Leases, and Accounts Receivable Securitizations outstanding as of December 31, 2014 is attached hereto as Exhibit A. All of the outstanding First Mortgage Bonds were issued under the terms of a

Mortgage and Deed of Trust, dated as of May 1, 1940, as amended from time to time, between the Company, The Bank of New York Mellon (formerly Irving Trust Company) and Tina D. Gonzalez (successor to Frederick G. Herbst), as Trustees (hereafter sometimes referred to as the "Mortgage"). The Accounts Receivable Securitization consists of debt of the Company's subsidiary, Duke Energy Progress Receivables, LLC.

4. Description of Proposed Securities

Subject to the approval of the Public Service Commission of South Carolina and the North Carolina Utilities Commission, the Company proposes to issue, sell, incur or undertake from time to time a maximum of \$3,000,000,000 aggregate principal amount of all or any combination of Proposed Debt Securities, Long-Term Bank Borrowings, Tax Exempt Bond Obligations, Capital Lease Obligations and Interest Rate Management Agreements, all as defined or described below (collectively, the "Proposed Securities"):

(i) Long-Term Debt Securities ("Proposed Debt Securities")

The Proposed Debt Securities may be unsecured debt instruments or First Mortgage Bonds.

To the extent the Proposed Debt Securities are unsecured senior notes, they will be created and issued under, and subject to the provisions of the Indenture (for Senior Notes), dated as of March 1, 1999 between the Company and The Bank of New York Mellon, as Trustee, as amended and supplemented, which is substantially in the form attached hereto as Exhibit B, as further supplemented by the Supplemental Senior Note Indentures, to be executed in connection with their issuance.

To the extent the Proposed Debt Securities are the Company's First Mortgage Bonds, they will be created and issued under the Mortgage, as heretofore supplemented

and as to be further supplemented and amended by a Supplemental Indenture to be executed in connection with their issuance. They will be subject to all of the provisions of the Mortgage, as supplemented, and by virtue of said Mortgage will constitute (together with the Company's outstanding First Mortgage Bonds) a first lien on substantially all of the Company's fixed property and franchises.

When any of the Proposed Debt Securities are issued for refunding or refinancings, the Company proposes to execute the proposed transactions so that, over time, there will be no material effect on the Company's capitalization with respect to the source of funds.

The Proposed Debt Securities may also consist of debt securities subject to remarketing prior to maturity. Any remarketing of such securities or resetting of their interest rates prior to the scheduled maturity date would not be deemed to be a re-issuance of such securities by the Company, so as to reduce the amount of securities otherwise permitted to be issued by the Company pursuant to the terms of the Commission's order in this docket.

(ii) Long-Term Bank Borrowing.

The Company further seeks permission to make long-term borrowings under its Master Credit Facility ("Long-Term Bank Borrowings"). On December 18, 2013, the Company, along with Duke Energy Corporation and certain of its other wholly-owned subsidiaries, Duke Energy Carolinas, LLC, Duke Energy Florida, Inc., Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., amended its existing \$6,000,000,000 Five-Year Credit Agreement, dated as of November 18, 2011, with the lenders listed in the agreement, and with Wells Fargo Bank, National

Association, as Administrative Agent. The facility contains borrowing sublimits for the borrowers, including the Company, as set forth in the agreement. The Company may currently borrow up to its initial sublimit of \$750,000,000 under the facility, and may, at its option, increase the borrowing sublimit to a maximum of \$1,000,000,000. Under the agreement, any borrowing of more than one year in duration by the Company (or any other borrower other than Duke Energy Corporation) must be specified as a long-term borrowing in the notice of borrowing to the lenders. A borrowing by the Company of more than two years in duration requires permission from the Commission in the manner required for other long-term debt securities. The Company therefore requests the Commission's approval for borrowings in excess of two years in duration, under the Master Credit Facility or such other similar bank borrowing arrangements the Company may enter into from time to time.

(iii) Tax Exempt Bond Obligations

The Company proposes to enter into agreements to borrow proceeds from the sale of tax exempt debt securities issued by one or more governmental authorities ("Tax Exempt Bonds"), to fund construction of qualifying facilities associated with the Company's electric generation plants (and qualifying related expenditures), to reimburse costs previously expended for such purposes, or to refund previously outstanding Tax Exempt Bonds. The Company's obligation to repay the issuing authority may be direct, through a secured or unsecured loan agreement between it and the authority, or indirect through financing arrangements such as a letter of credit posted by a bank to secure the Company's obligations on the Tax Exempt Bonds. The Company's direct obligation

under a loan agreement with the authority may be insured by a third party or secured by issuance of a First and Refunding Mortgage Bond or other secured instrument.

(iv) Capital Lease Obligations

The Company proposes to enter into capital lease obligations (“Capital Leases”), under which it will utilize Capital Leases as another form of financing the capital requirements discussed in Section 9 of this Application. The Capital Leases will have structures and terms similar to other forms of debt financing, but with the potential, in certain instances, to lower the overall cost of financing property acquisitions.

Capital Leases may be used to finance the acquisition of new property, including in connection with construction of new electric plant, or refinancing of existing utility property, in order to optimize the cost of financing commensurate with such property’s expected life. The property expected to be leased will consist of equipment used in the Company’s operations including, but not limited to, meters, landfill and coal yard heavy equipment, transportation equipment, turbines, transformers, water pumps, exhaust stacks, substations, computers and office equipment, and intangible property such as software and site licenses (collectively, the “Property”).

The amount financed under each Capital Lease, excluding transaction costs, is not expected to be more than the net capitalized cost of the Property or the appraised value of the Property (in the event more than the capitalized cost is financed).

In accordance with generally accepted accounting principles, the net capitalized cost of property usually includes installation, training, allowance for funds, administrative overhead and other costs capitalized in connection with acquiring and placing the

property in service. Such costs are expected to be included in the Property cost financed under each Capital Lease.

To effectuate Capital Lease transactions, the Company will obtain third-party lease financing for the original purchase or refinancing of Property acquisitions, and an agreement will be executed with a financing counterparty (the "Lessor") setting forth the terms of each Capital Lease.

As part of the consummation of a Capital Lease transaction, the Lessor will typically either (1) pay the vendor and the Company for their respective costs associated with the Property acquisition or (2) reimburse the Company for the capitalized cost of the Property, with the Company concurrently paying the vendor the invoice cost.

The Company may enter into one or more participation agreements with its affiliates and the Lessor in connection with the Capital Leases, with such agreements defining the Company's role as principal and, as applicable, agent on behalf of its affiliates for billing and payment remittance purposes. Such arrangements will be undertaken solely for administrative efficiencies and the convenience of the parties involved and will be subject to applicable standards relating to transactions among affiliates.

At the end of each initial or renewal lease term, it is anticipated that the Company will have an option to either (a) renew each Capital Lease pursuant to arm's-length negotiation with the Lessor or other potential lessors, (b) purchase the Property, or (c) terminate the Capital Lease.

(v) Interest Rate Management Agreements

Although it is unclear whether or not such activities constitute the issuance of securities within the meaning of S.C. Code Section 58-27-1710, the Company nevertheless respectfully requests that the Commission grant it authority to utilize interest rate management techniques and enter into Interest Rate Management Agreements to manage its interest costs.

Interest Rate Management Agreements will include products commonly used in today's capital markets. These products include, but are not limited to, interest rate swaps, caps, collars, floors, options, or other hedging products such as forwards or futures. The Company expects to enter into these agreements with counterparties that are highly rated financial institutions. The transactions will be for a fixed period and a stated notional amount and may be entered into in connection with underlying fixed or variable obligations of the Company.

The Company will establish pricing for Interest Rate Management Agreements through negotiated offerings, through a competitive bidding process, or otherwise in accordance with recognized market practices.

The notional amount of any given Interest Rate Management Agreement will correspond to all or a portion of a current or future debt security authorized by Commission order. Therefore, entry into a given Interest Rate Management Agreement itself will not reduce the amount of "shelf" authority under such Commission order.

5. Method of Issuance and Sale

To the extent the Proposed Securities are issued and sold in one or more public offerings subject to registration under the federal securities laws, the Company will sell the Proposed Securities during the effective period of a "shelf" registration statement which the Company has

filed with the Securities and Exchange Commission in connection with the registration of such securities. The Company proposes to enter into negotiations with, or request competitive proposals from, investment bankers or other financial institutions to act as agents, dealers, underwriters, or direct purchasers in connection with either the public or private offering of each issuance of Proposed Securities in accordance with the terms thereof. The Company will determine which sales method and financial institution(s) will provide the best service and reasonable terms to the Company for any issuance and sale of the Proposed Securities. Certain types of the Proposed Securities, such as bank borrowings, capital leases and interest rate management agreements, are not typically “sold” in a public or private offering. The method of issuance of such securities, or incurrence of obligations, will be as described in the corresponding part of Section 4.

6. Previously Granted Authority

The authority requested herein is to replenish the authority previously granted under the Commission’s Order No. 2009-33 in Docket No. 2008-427-E, of which \$3,598,485,000 has been utilized as further described in the Company’s Reports of Issue and Sale in such Docket. The Company requests that the remaining authority granted in such docket be terminated upon the Commission’s granting of the authority requested herein.

7. Fees and Costs

The Company will pay no fee for services (other than attorneys, accountants, trustees, rating agencies and fees for similar technical services) in connection with the negotiation and consummation of the issuance and sale of any of the Proposed Securities, nor for services in securing underwriters, agents, dealers or purchasers of such securities (other than fees negotiated with such persons).

8. Use of Proceeds

Proceeds from issuance of the Proposed Securities may be used for (a) the purchase or redemption of the Company's outstanding higher cost or higher risk securities as hereinafter provided, (b) refunding maturing securities, (c) financing the Company's ongoing construction, as further described in Section 9 hereof (including the acquisition of nuclear fuel) or (d) the Company's general purposes, however, no such proceeds will be used for the purpose of meeting the funding needs of any of the Company's affiliates except as allowed under the Utility Money Pool Agreements approved by the Commission in Order No. 2013-37, Docket No. 2011-158-E. In each case, such proceeds may be used for the repayment of short-term debt incurred for such purposes.

When the net proceeds from the issuance of any of the Proposed Securities will be applied and used by the Company to purchase or redeem certain of the Company's outstanding unmatured debt securities, such issuances will be made from time to time when market conditions permit, on terms which would result in a lower cost of money or reduced risk (e.g., elimination of penalty floating-rates on certain tax-exempt bonds) to the Company. Any premium paid on purchased or redeemed debt securities will be amortized over the life of the new securities, and the Company proposes to include the after-tax amount of such unamortized premium in Company's rate base as a component of working capital. As previously noted, the net proceeds of any of the Proposed Securities may be applied and used by the Company to refund maturing securities, including the repayment of short-term debt incurred for that purpose. A schedule of the maturities of the Company's outstanding debt securities is provided in Exhibit A.

9. Electric Plant and Demand Growth

The Company is continuing its construction program of additions to its electric generation, transmission and distribution facilities in order to, among other things, (i) meet the long-term expected increase in demand for electric service, (ii) construct and maintain an adequate margin of reserve generating capacity, and (iii) conduct necessary replacements of major generating plants and plant components and transmission and distribution facilities.

The Company connected approximately 15,000 new customers in 2013 and continues to incur significant capital expenditures related to expanding and replacing its transmission and distribution system.

The Company's electric energy sales for 2013 were approximately 60 million megawatt hours and for 2012 were approximately 58 million megawatt hours. Sufficient financing of its current construction program is essential if the Company is to continue to be able to meet its obligations to the public to provide adequate and reliable electric service. The Company's capital expenditures were \$1.6 billion for 2013 and \$1.5 billion for 2012. Further information is set forth in the Company's financial statements attached as exhibits to this Application.

The Company's plans include incurring significant capital expenditures for maintenance and expansion of its existing generation plants and transmission and distribution system as well as nuclear fuel. During the period 2014 through 2016, the Company forecasts to invest approximately \$4.4 billion in its electric plant and equipment. Adequate financing authority as applied for herein will allow the Company to access the capital markets to efficiently fund these necessary capital expenditures.

10. Purposes and Compatibility with Public Interest

The purposes of the issuance, sale, and/or incurrence of the Proposed Securities are

lawful objects within the limits of the Company's authority and purposes under the applicable laws and regulations, and as set forth in its Restated Charter, which is on file with this Commission. For the reasons set forth above, the issuance and sale of the Proposed Securities will be compatible with the public interest, will be necessary and appropriate for, and consistent with, the proper performance by the Company of its service to the public as a utility, will not impair its ability to perform that service, and will be reasonably necessary and appropriate for such purpose.

11. Financial Condition and Operating Reports

The financial condition of the Company and its results of operations are shown by the Company's Annual Reports to the Commission and by other records of the Commission relating to the Company.

12. Exhibits

Exhibits in support of the Application include:

- | | |
|-----------|--|
| EXHIBIT A | Schedule of Outstanding First and Refunding Mortgage Bonds, Notes and Other Obligations of the Company as of December 31, 2013. |
| EXHIBIT B | Copy of Senior Indenture of the Company to the Bank of New York Mellon, as Trustee, dated as of March 1, 1999. This exhibit is on file with the Commission in Docket No. 2006-16-E. |
| EXHIBIT C | Copy of the Company's Restated Charter. This exhibit is on file with the Commission in Docket No. 2006-16-E. |
| EXHIBIT D | Annual Reports of the Company to the Commission and other records of the Commission relating to the Company. Reference is made to these reports and records on file with the Commission. |
| EXHIBIT E | Balance Sheet of the Company at December 31, 2013, including pro forma effects of proposed issuance and sale. |
| EXHIBIT F | Statement of Income of the Company for the twelve months ended December 31, 2013. |

EXHIBIT G Statement of Cash Flows for the twelve months ended December 31, 2013.

EXHIBIT H S.C. Code of Regs. 103-823.1 – Financing Applications Information

WHEREFORE, the Company respectfully requests that the issuance and sale of the Proposed Securities in the manner herein set forth be authorized and approved by the Commission.

This 11th day of July, 2014.



Timika Shafeek-Horton
Deputy General Counsel
Duke Energy Progress, Inc.
550 South Tryon Street, DEC 45A
Charlotte, North Carolina 28202
(704) 382-6373
Timika.Shafeek-Horton@duke-energy.com

and

Nancy M. Wright
Associate General Counsel and
Assistant Secretary
Duke Energy Progress, Inc.
550 South Tryon Street/Mail Code DEC45A
Charlotte, North Carolina 28202
(704) 382-9151
Nancy.Wright@Duke-Energy.com

Attorneys for Duke Energy Progress, Inc.

VERIFICATION PURSUANT TO
S.C. CODE SECTION 58-27-1720

The undersigned officers of Duke Energy Progress, Inc. verify that this Application is in compliance with S.C. Code Section 58-27-1720.

W. Bryan Buckler
Assistant Treasurer

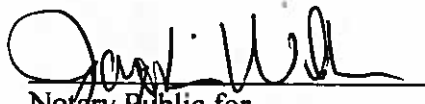
Sworn to and subscribed before me
this ____ day of July, 2014.

Notary Public for
My Commission Expires: _____



Nancy M. Wright
Assistant Secretary

Sworn to and subscribed before me
this 11 day of July, 2014.



Notary Public for
My Commission Expires: 10/13/2015

VERIFICATION PURSUANT TO
S.C. CODE SECTION 58-27-1720

The undersigned officers of Duke Energy Progress, Inc. verify that this Application is in compliance with S.C. Code Section 58-27-1720.

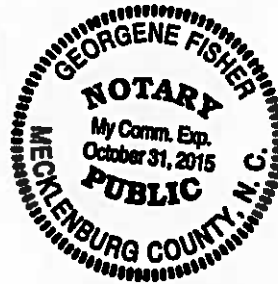
W. Bryan Buckler

W. Bryan Buckler
Assistant Treasurer

Sworn to and subscribed before me
this 9th day of July 9, 2014.

Georgene Fisher
Notary Public

My Commission Expires: October 31, 2015



Nancy M. Wright

Nancy M. Wright
Assistant Secretary

Sworn to and subscribed before me
this ____ day of July ____, 2014.

Notary Public

My Commission Expires: _____

Duke Energy Progress
Schedule of Outstanding First Mortgage Bonds, Tax Exempt Bonds, Capital Leases and Accounts Receivable Securitizations
December 31, 2013

Exhibit A
1 of 1

Entity	Description of Securities	Balance	Rate	Type	Settlement Date	Maturity Date
DE Progress						
Duke Energy Progress	Capital Lease - Harris E&E Center	1,993,799	8.915%	Fixed	04/01/01	04/01/51
Duke Energy Progress	Capital Lease - PEB Building	10,852,901	8.500%	Fixed	08/24/77	11/30/43
Duke Energy Progress	Capital Lease - PNG Transport Wayne Pipeline	115,764,884	13.948%	Fixed	06/01/12	05/31/32
Duke Energy Progress	Capital Lease - NCEMC	19,118,757	8.443%	Fixed	07/01/12	02/01/45
Duke Energy Progress	Secured - Notes	4,626,189	4.750%	Fixed	10/04/10	06/04/14
Duke Energy Progress	FMB	100,000,000	8.625%	Fixed	10/02/91	09/15/21
Duke Energy Progress	FMB	200,000,000	6.125%	Fixed	09/11/03	09/15/33
Duke Energy Progress	FMB	300,000,000	5.150%	Fixed	03/22/05	04/01/15
Duke Energy Progress	FMB	200,000,000	5.700%	Fixed	03/22/05	04/01/35
Duke Energy Progress	FMB	400,000,000	5.250%	Fixed	11/30/05	12/15/15
Duke Energy Progress	FMB	325,000,000	6.300%	Fixed	03/13/08	04/01/38
Duke Energy Progress	FMB	600,000,000	5.300%	Fixed	01/15/09	01/15/19
Duke Energy Progress	FMB	500,000,000	3.000%	Fixed	09/15/11	09/15/21
Duke Energy Progress	FMB	500,000,000	2.800%	Fixed	05/18/12	05/15/22
Duke Energy Progress	FMB	500,000,000	4.100%	Fixed	05/18/12	05/15/42
Duke Energy Progress	FMB	500,000,000	4.100%	Fixed	03/12/13	03/15/43
Duke Energy Progress	Pollution Control Bond backed by FMB	72,600,000	0.105%	Floating	05/12/94	05/01/24
Duke Energy Progress	Pollution Control Bond backed by FMB	50,000,000	0.105%	Floating	05/12/94	05/01/24
Duke Energy Progress	Pollution Control Bond backed by FMB	55,640,000	0.105%	Floating	06/15/00	11/01/18
Duke Energy Progress	Pollution Control Bond backed by FMB	67,300,000	0.105%	Floating	06/15/00	11/01/18
Duke Energy Progress	Pollution Control Bond backed by FMB	45,600,000	0.105%	Floating	07/13/00	10/01/22
Duke Energy Progress	Pollution Control Bond backed by FMB	50,000,000	0.105%	Floating	07/13/00	10/01/22
Duke Energy Progress	Pollution Control Bond backed by FMB	50,000,000	0.105%	Floating	07/13/00	10/01/22
Duke Energy Progress	Pollution Control Bond backed by FMB	41,700,000	0.105%	Floating	07/13/00	10/01/22
Duke Energy Progress	Pollution Control Bond backed by FMB	50,000,000	0.105%	Floating	07/13/00	10/01/22
Duke Energy Progress	Pollution Control Bond backed by FMB	50,000,000	0.105%	Floating	07/13/00	10/01/22
Duke Energy Progress	Pollution Control Bond backed by FMB	87,400,000	0.105%	Floating	07/13/00	10/01/22
Duke Energy Progress	Pollution Control Bond backed by FMB	48,485,000	4.000%	Fixed	06/06/13	06/01/41
Duke Energy Progress	Secured - Accounts Receivable Securitization	180,000,000	0.852%	Floating	12/20/13	12/20/16
Duke Energy Progress	Secured - Accounts Receivable Securitization	120,000,000	0.817%	Floating	12/20/13	12/20/16
Duke Energy Progress	Unamortized Debt Discount/Premium	(11,074,565)				
	Total Long-Term Debt @ 12/31/2013	5,235,006,965				
	Current Maturities of Long-Term Debt	(174,000,000)				
	March 2014 Debt Issuance	650,000,000				
	Non-Current Portion of Long-Term Debt	5,711,006,965				

DUKE ENERGY PROGRESS, INC.
CONSOLIDATED BALANCE SHEET
December 31, 2013

Exhibit E

(in millions)	December 31, 2013	Proforma Adjustments	Proforma
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 21		\$ 21
Short term investments	—		—
Receivables (net of allowance for doubtful accounts of \$10 at December 31, 2013 and \$9 at December 31, 2012)	145		145
Restricted receivables of variable interest entities	417		417
Receivables from affiliated companies	2		2
Inventory	853		853
Regulatory assets	127		127
Other	296		296
Total current assets	1,861		1,861
Investments and Other Assets			
Nuclear decommissioning trust funds	1,539		1,539
Other	443		443
Total investments and other assets	1,982		1,982
Property, Plant and Equipment			
Cost	22,273	2,136 (A)	24,409
Accumulated depreciation and amortization	(8,623)		(8,623)
Net property, plant and equipment	13,650	2,136	15,786
Regulatory Assets and Deferred Debits			
Regulatory assets	1,384		1,384
Other	32		32
Total regulatory assets and deferred debits	1,416		1,416
Total Assets	\$ 18,909	\$ 2,136	\$ 21,045
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY			
Current Liabilities			
Accounts payable	\$ 420		\$ 420
Accounts payable to affiliated companies	103		103
Notes payable and commercial paper	—		—
Notes payable to affiliated companies	462	(482) (A)	—
Taxes accrued	37		37
Interest accrued	70		70
Current maturities of long-term debt	174	(174) (A)	—
Regulatory liabilities	63		63
Other	392		392
Total current liabilities	1,721	(836)	1,085
Long-term Debt			
Long-term Debt payable to affiliated companies	8,061	2,772 (B)	7,833
Deferred Credits and Other Liabilities			
Deferred income taxes	2,557		2,557
Investment tax credits	—		—
Accrued pension and other post-retirement benefit costs	321		321
Asset retirement obligations	1,729		1,729
Regulatory liabilities	1,673		1,673
Other	222		222
Total deferred credits and other liabilities	6,502		6,502
Commitments and Contingencies			
Common Stockholder's Equity			
Common stock, no par value, 200 million shares authorized; 160 million shares outstanding at December 31, 2013 and 2012	2,159		2,159
Retained earnings	3,466		3,466
Accumulated other comprehensive loss	—		—
Total common stockholder's equity	5,625	(C)	5,625
Total Liabilities and Common Stockholder's Equity	\$ 18,909	\$ 2,136	\$ 21,045

(A) Balance of debt issuance proceeds will be used to retire current maturities of long-term debt, notes payable to affiliated companies, debt maturing (amounts shown are debt maturities in 2014 - 2016), construction work-in-progress and other general corporate purposes

(B) The net increase in long-term debt includes \$650 million of first mortgage bonds issued in March 2014 under the previous financing authority, the proforma effects of the requested \$3.0 billion financing authority and debt maturities thru 2016

(C) There were no proforma adjustments made to stockholder's equity. From the period 2011 - 2013 Duke Energy Progress had average annual net income of \$429 million and average annual dividends to patent of \$298 million

DUKE ENERGY PROGRESS, INC.
CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
December 31, 2013

Exhibit F

(in millions)	2013
Operating Revenues	\$ 4,992
Operating Expenses	
Fuel used in electric generation and purchased power	1,925
Operation, maintenance and other	1,357
Depreciation and amortization	534
Property and other taxes	223
Impairment charges	22
Total operating expense	4,061
Gains on Sales of Other Assets and Other, net	1
Operating Income	932
Other Income and Expenses, net	57
Interest Expense	201
Income Before Income Taxes	788
Income Tax Expense	288
Net Income	500
Less: Preferred Stock Dividend Requirement	—
Net Income Available to Parent	\$ 500
Net Income	\$ 500
Other Comprehensive (Loss) Income, net of tax	
Net unrealized loss on cash flow hedges (a)	—
Reclassification into earnings from cash flow hedges (b)	—
Reclassification of cash flow hedges to regulatory assets	—
Unrealized gain on investments in auction rate securities	—
Other Comprehensive Income (Loss), net of tax	—
Comprehensive Income	\$ 500

This schedule represents the actual income statement for the twelve months ended December 31, 2013.
No proforma adjustments were calculated.

DUKE ENERGY PROGRESS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
December 31, 2013

Exhibit G

(In millions)	2013
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 500
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation, amortization and accretion (including amortization of nuclear fuel)	685
Equity component of AFUDC	(42)
Community support and charitable contributions expense	20
Gains on sales of other assets and other, net	(1)
Impairment charges	22
Deferred income taxes	368
Accrued pension and other post-retirement benefit costs	72
Contributions to qualified pension plans	(63)
(Increase) decrease in	
Net realized and unrealized mark-to-market and hedging transactions	(9)
Receivables	(88)
Receivables from affiliated companies	3
Inventory	(26)
Other current assets	(39)
Increase (decrease) in	
Accounts payable	(18)
Accounts payable to affiliated companies	27
Taxes accrued	15
Other current liabilities	(86)
Other assets	(74)
Other liabilities	(78)
Net cash provided by operating activities	1,188
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital expenditures	(1,567)
Purchases of available-for-sale securities	(901)
Proceeds from sales and maturities of available-for-sale securities	856
Other	4
Net cash used in investing activities	(1,608)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from the issuance of long-term debt	845
Payments for the:	
Redemption of long-term debt	(451)
Redemption of preferred stock	(62)
Notes payable to affiliated companies	98
Other	(7)
Net cash provided by financing activities	423
Net increase (decrease) in cash and cash equivalents	3
Cash and Cash Equivalents at Beginning of Period	18
Cash and Cash Equivalents at End of Period	\$ 21
Supplemental Disclosures:	
Cash paid for interest, net of amount capitalized	\$ 217
Cash (received from) paid for income taxes	(94)
Significant non-cash transactions:	
Accrued capital expenditures	166
Capital expenditures financed through capital leases	—

This schedule represents actual cash flows for the 12 months ended December 31, 2013. No proforma adjustments were calculated.

EXHIBIT H

S.C. Code of Regs. 103-823.1 – Financing Application

- a. Identify the effect of the proposed financing on the utility's income statement and balance sheet and identify the impact of the proposed financing on the utility's capital structure.

Generally, the proposed financings will affect the Company's income statement by increasing pre-tax interest expense to reflect interest payable on new securities, offset by the reduction in pre-tax interest expense associated with any redeemed or maturing debt. A pro forma consolidated balance sheet, which shows the capital structure, is provided in Exhibit E to the Application.

- b. Identify specifically how the funds obtained through the proposed financing are to be used by the utility.

The proceeds resulting from the proposed financings will be used as set forth in Section 8 of the Application.

- c. Provide information on the possible impact on the utility if the proposed financing is not approved or if approval is delayed;.

Disapproval or delay of the Application would prevent the Company from having access to funding from the capital markets in the amounts it has deemed necessary. The Company would not have sufficient financial flexibility in determining the timing and amounts of its offerings of securities. Such flexibility enhances the Company's ability to fund its operations most efficiently.

- d. Specify the expected effective rate of interest of any debt financing (a range for the rate is appropriate). For common stock issues, provide information on the anticipated market price and book value per share at the time of issue.

Currently, indicative pricing for annual interest rates on the Company's first and refunding mortgage bonds is 1.15% for a 3-year floating note, 3.25% for 10-year bonds and 4.22% for 30-year bonds. This indicative pricing reflects market conditions as of June 26, 2014, and actual costs will change due to changes in market conditions, U.S. Treasury bond yields, the Company's credit rating and/or other factors that might impact the rate investors demand for securities with similar characteristics and from companies with similar credit ratings. An interest rate for each long-term debt issuance will be set immediately prior to execution of a binding underwriting agreement for such securities. The Company's Application does not contain a request relating to common stock.

- e. Provide information on the expected benefits (e.g., savings expected from early debt retirement) and costs (e.g., issuance expenses) of the proposed financing. Provide any

studies that were developed to identify these costs and benefits and the net result. (This could incorporate present value analysis of the costs and benefits.) Identify the basic assumptions of any analyses of costs and benefits.

The expected benefits of the proposed financings include satisfying the Company's funding requirements as set forth in Section 9. The proposed financings would allow the Company to continue to finance its ongoing capital expenditures, and to potentially redeem or purchase outstanding securities and lower its cost of capital or reduce risk through economical refinancings. Costs of issuing the securities are expected to be generally consistent with those reported to the Commission in previous dockets authorizing the issuance of securities. The Company has not developed any studies of the type described in this question